

OPPOSE HB 1818 (Vo)

HB 1818 creates costly, unnecessary annual reviews—raising premiums and adding little benefit for patients.



Background:

- HB 1818 proposes annual examinations of health plans, requiring them to share additional information regarding their preauthorization processes.
- Health plans are already subject to comprehensive “quality of care” examinations by the Texas Department of Insurance (TDI) every three years.
- These triennial exams include thorough reviews of preauthorization procedures, response times, approvals, and denials.

Key Concerns

- **Redundancy & Cost:** Requiring annual examinations would be costly and time-consuming, adding little benefit while duplicating TDI’s current triennial process.
 - One mid-sized health insurer reports that for its three Texas licenses, their most recent triennial exam cost nearly \$1 million and required around 500 staff hours.
- **Existing Oversight:** TDI has the authority to conduct targeted exams if complaints or red flags arise, and health plans must report substantial changes to their preauthorization processes within 30 days.
- **Administrative Burden:** Triennial exams already last weeks or months, causing significant administrative strain. Annual reviews would amplify these challenges and drive up costs—ultimately affecting premiums for employers and families.
- **Complaint-Driven Regulation:** Much like physician licensure, Texas relies on complaints or irregularities to prompt further investigation—an efficient method to minimize unnecessary expenses.
- **National Standards:** Neither the National Association of Insurance Commissioners (NAIC) nor the National Council of Insurance Legislators (NCOIL) recommends annual exams, and no other insurance lines in Texas face such a requirement.

Recommendation: An Easy Fix

- Amend HB 1818 to align with TDI’s triennial schedule rather than imposing additional annual reviews.
- This approach maintains robust consumer protections while avoiding unnecessary regulatory costs that could increase insurance premiums.
- By preserving TDI’s established oversight framework and complaint-driven model, Texas can ensure effective regulation without imposing extra administrative burdens. This balance protects consumers, keeps costs in check, and maintains a fair regulatory environment for all stakeholders.